

Q2-2018 CRO Update



Market Update

The world's three largest providers of contract research services (Quintiles, LabCorp, and PPD) control nearly 50% of the global revenue in the industry. While we have seen a continuation of this trend recently, the second quarter of 2018 saw most of its consolidation activity happening in the lower-middle market of the CRO space. As providers look to expand service lines and generate higher quality, more timely data, many smaller providers have turned to acquisitions to help compete. As more dollars are expected to flow to CROs over the coming years, Provident expects companies will continue to turn to M&A strategies to remain competitive in the marketplace.

Select Transactions

Month	Acquirer	Target	Significance	Employees
June	JSR Life Sciences	CrownBio	JSR Life Sciences, a subsidiary of JSR Corporation, completed its acquisition of CrownBio. CrownBio is a drug discovery and development services company headquartered in San Diego, CA. The acquisition was announced in Q4'17.	201
June	Madison Dearborn Partners	Alcami	Madison Dearborn Partners, a Chicago-based middle market private equity firm, announced the pending acquisition of Alcamis from Ares Management. Alcamis is a contract development and manufacturing organization with 1,000 employees in 10 locations worldwide.	1,000
May	Linden Capital Partners	Evolution Research Group	Linden Capital Partners, a healthcare-focused private equity firm based in Chicago, acquired Evolution Research Group. Evolution Research Group is the largest independent clinical research site services company with 10 wholly owned and operated clinical research sites. Evolution was backed by DFW Capital Partners prior to the transaction.	250
April	Precision Therapeutics	Helomics	Precision Therapeutics, a cancer-focused contract research organization based in Minneapolis, MN, acquired Helomics. Helomics is a precision oncology-focused contract research organization with a concentration on AI-driven research. Prior to the buyout, Precision owned 25% of Helomics and acquired all remaining outstanding shares of the Company.	140
April	Frontage Laboratories	Concord Biosciences	Frontage Laboratories, a Pennsylvania-based, early stage contract research organization, acquired Concord Biosciences. Concord Biosciences is a preclinical contract research organization based in Ohio. Financial terms of the deal were not disclosed.	200
April	Linal Company	Accelovance	Linal Company, a contract research service provider based in Japan, completed its acquisition of Accelovance. The transaction was announced in Q1'18 and closed in April 2018.	250
April	Charles River Laboratories	MPI Research	Charles River Laboratories, a Massachusetts-based pre-clinical and clinical laboratory services provider, acquired MPI Research. MPI Research is a non-clinical contract research organization based in Michigan. The transaction was valued at \$800 million.	1,300

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Upcoming CRO Conferences

7th International Conference of Clinical Trials
September 24th to September 26th Chicago, Illinois

3rd Drug Development Forum
October 1st – 3rd 2018 Boston, Massachusetts